

Memorandum

To: MELISSA JONES
Executive Director

Date: July 19, 2010

Telephone: (916) 654-5013

From: **California Energy Commission**
1516 Ninth Street
Sacramento CA 95814-5512

VALERIE T. HALL, Deputy Director
Efficiency and Renewable Energy Division

Subject: **BUSINESS MEETING JULY 28, 2010 – COMMISSION CONSIDERATION AND POSSIBLE APPROVAL OF RENEWABLE ENERGY PROGRAM RENEWABLES PORTFOLIO STANDARD 2006 PROCUREMENT VERIFICATION REPORT**

Summary of Item

Senate Bill 1078 (Sher, SB 1078, Chapter 516, Statutes of 2002) directs the California Energy Commission to design and implement a tracking system to verify compliance with the Renewable Portfolio Standard (RPS).

The *Renewables Portfolio Standard 2006 Procurement Verification Report (2006 Verification Report)* presents the Energy Commission's findings on the amount of renewable energy procured by select retail sellers of electricity under California's RPS. The scope of the *2006 Verification Report* has increased significantly relative to the reports released for 2004 and 2005 compliance years. Because the California Public Utilities Commission finalized rules for small and multi-jurisdictional utilities, and because 2006 is the first compliance year for electric service providers, the number of retail sellers included in the *2006 Verification Report* has increased from three in previous reports to eleven. Additionally, as reported by the retail sellers, this *2006 Verification Report* includes analysis of claims starting from 2001 and 2003-2006,¹ and a re-analysis of some of the investor-owned utilities' data, which was resubmitted to account for discrepancies in the way procurement amounts were reported for certain facilities, in some cases dating back to 2001.

While not legally mandated, Verification Reports are prepared as part of the Energy Commission's RPS responsibilities. Upon finalization of the *2006 Verification Report*, the Energy Commission transmits its RPS procurement verification findings to the California Public Utilities Commission. The report:

- Verifies RPS-eligibility of the renewable energy facilities from which each reporting retail seller procured energy and the associated renewables attributes.

¹ This report covers RPS procurement claims through 2006. The procurement claims for year 2002 are not included in this report as they do not affect the baseline or RPS target amounts.

- Verifies, to the extent possible, that the amount of energy procured by each retail seller was sufficiently covered by each RPS-eligible facility.
- Verifies, to the extent possible, that RPS procurement exclusively serves California's RPS and does not support another renewable energy regulatory or market claim.
- Indicates the eligible and ineligible RPS procurement claims per retail seller and the total amount of eligible RPS procurement.
- Verifies that out-of-state renewable facilities satisfy the Energy Commission's RPS delivery requirements.
- Provides analysis of RPS-eligible claims, including availability of generation data for verification, RPS-eligible procurement by resource type, and procurement from new and repowered facilities.
- Quantifies the amount of incremental geothermal energy.
- Provides results from the investor-owned utilities procurement claim random audit for 2004 and 2005 of procurement claims that were 5 percent or less than the generation data.
- Discusses the limitations of the Interim Tracking System.

On March 26, 2009, Energy Commission staff held an RPS Procurement Verification Data Review Workshop to publicly present the initial results of the verification process for this report. Among other agenda items, the workshop addressed the issue of whether energy procurement from facilities under Department of Water Resources contracts should be eligible for RPS compliance.

Before the workshop, two documents were made publicly available with the workshop notice to provide background information and questions to guide the workshop discussion. Many entities provided public comments following the workshop. Staff considered these public comments when preparing the draft staff report.

There were two opportunities for stakeholders to provide comments on the *Staff Draft 2006 Verification Report*: once with the release of the draft report on January 28, 2010² and again on April 7, 2010, in response to the CPUC's decision on Tradable Renewable Energy Credits.^{3,4} Pacific Gas and Electric Company, PacifiCorp, San Diego Gas & Electric Company and Southern California Edison all submitted revised RPS procurement claims for years 2001 and 2003-2006 as a result of their review of the *Draft Staff Verification Report* and/or discussions with Energy Commission staff regarding their claims. Staff

² Public comments in response to the January 28, 2010 request can be found at: http://www.energy.ca.gov/portfolio/documents/comments_RPS_Draft_2006/index.php

³ Public comments in response to the April 7, 2010 request can be found at: http://www.energy.ca.gov/portfolio/documents/comments_RPS_Draft_2006_TREC/index.php

⁴The CPUC decision on TRECs can be found at: http://docs.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/115056.htm. A stay on this decision was in place at the time this report was finalized.

considered all comments and accepted revised RPS procurement claims as appropriate. The changes are reflected in this *Draft Commission 2006 Verification Report*. Comments received in April in response to the CPUC's decision on Tradable Renewable Energy Credits were also taken into consideration in the finalization of this report.

Project Manager

Gina Barkalow, Renewable Energy Office

Summary of Staff Position

Staff recommends the adoption of the *Draft Commission Renewables Portfolio Standard 2006 Procurement Verification Report*.

Oral Presentation

Staff will be prepared to discuss this recommendation and to respond to questions regarding this item.

Business Meeting Participants

Gina Barkalow, Renewable Energy Office

Commission Action Requested

Energy Commission staff request that the Energy Commission approve the adoption of the *Renewables Portfolio Standard 2006 Procurement Verification Report*.